

Message Text

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TAGS: ELAB, IT

SUBJ: ITALIAN UNEMPLOYMENT INSURANCE AND RELATED SYSTEMS

REF: STATE 029887

1. IT HAS PROVED TO BE INCREDIBLY DIFFICULT TO GET AUTHORITATIVE ANSWERS TO THE STRAIGHTFORWARD QUESTIONS POSED BY BLS, NOT FOR ANY LACK OF WILLINGNESS ON THE PART OF ITALIAN AUTHORITIES TO BE OF HELP BUT BECAUSE ONE CONSISTENTLY RECEIVES DIAMETRICALLY CONTRADICTORY ASSURANCES. IN ANY EVENT, THE FOLLOWING ANSWERS, KEYED TO THE SEQUENCE IN WHICH THE QUESTIONS WERE POSED BY BLS, ARE OFFERED WITH GUARDED CONFIDENCE.

2. FLAT RATE UNEPLOYMENT BENEFITS ARE BEING PAID AT THE RATE OF 800 LIRE PER DAY, SEVEN DAYS A WEEK. IN ADDITION, THE UNEMPLOYED WORKER RECEIVES 380 LIRE PER DAY FOR HIS SPOUSE AND EACH OF HIS CHILDREN AND 250 LIRE PER DAYFOR ANY/ALL OTHER LEGAL DEPENDENTS. THESE SUPPLEMENTS ARE IDENTICAL WITH THE "FAMILY ALLOWANCES" REFERRED TO IN THE REFERENCE MESSAGE. ELIGIBILITY FOR ALL OF THESE BENEFITS RUNS FOR A PERIOD OF 180 DAYS, BUT MAY BE EXTENDED BY THE MINISTER OF LABOR FOR UNSPECIFIED NUMBER OF THREE MONTH PERIODS.

3. THE SO-CALLED "EARNINGS-RELATED UNEMPLOYMENT BENEFITS" ARE IN LIEU OF, AND NOT IN ADDITION TO,THE FLAT RATE BENEFITS.

THE MAXIMUM PERIOD OF ELIGIBILITY IS 180 DAYS, WITH NO EXTENSION PROVIDED BY LAW. THERE IS DEFINITELY A WAITING PERIOD BEFORE THE

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BENEFITS ARE PAID, THOUGH NONE BEFORE THEY ARE PAYABLE, I.E.,

THE SOCIAL SECURITY ADMINISTRATION INPS TYPICALLY TAKES TIME -- UP TO SEVERAL WEEKS -- BEFORE BENEFITS ARE ACTUALLY INITIATED. BENEFITS AMOUNT TO TWO THIRDS OF ORDINARY WAGES EARNED DURING THE LAST MONTH OF EMPLOYMENT.

4. THE DIFFERENCE BETWEEN THE BENEFITS PAID BY THE WAGE SUPPLEMENT FUND (CASSA INTEGRAZIONE GUADAGNI) AND THE EARNINGS-RELATED BENEFITS IS THIS: ELIGIBILITY TO THE WAGE SUPPLEMENT FUND IS RESTRICTED TO THOSE WORKERS WHO ARE LAID OFF, OR WORK REDUCED HOURS, IN CASES WHERE THEY WILL BE RETURNED TO EMPLOYMENT AFTER A CERTAIN PERIOD OF TIME. ELIGIBILITY TO THE EARNINGS-RELATED BENEFITS IS RESTRICTED TO THOSE WORKERS WHO HAVE WORKED FOR AT LEAST 13 WEEKS AND WHO ARE DISCHARGED PURSUANT TO THE RESTRUCTURING OF THE PLANT OR PLACE OF EMPLOYMENT WHERE THEY WERE EMPLOYED, AND WHO WILL NOT BE TAKEN BACK INTO THE EMPLOY OF THE PLANT UNDERGOING RESTRUCTURING. IN ORDER TO ESTABLISH THIS ELIGIBILITY, THE EMPLOYER'S APPLICATION MUST BE APPROVED BY A BOARD, UNDER THE DIRECTION OF THE MINISTRY OF LABOR, WHICH ASCERTAINS THAT BASIC RESTRUCTURING IS INDEED CONTEMPLATED. ALL OTHER UNEMPLOYED WORKERS -- THOSE WHO HAVE LOST THEIR JOBS FOR WHATEVER OTHER REASON, AND ARE REGISTERED WITH THE MINISTRY OF LABOR JOB PLACEMENT OFFICE -- RECEIVE THE COMPENSATION OF 800 LIRE PER DAY, PLUS SUPPLEMENTS AS APPROPRIATE.

5. UNEMPLOYMENT COMPENSATION, BOTH "FLAT RATE" AND "EARNINGS RELATED", ARE NOT SUBJECT TO INCOME TAX. WAGE SUPPLEMENT FUND PAYMENTS ARE SUBJECT TO INCOME TAX. IN THE LATTER CASE, TAXES ARE NOT WITHHELD. RATHER, IT IS THE RESPONSIBILITY OF THE BENEFICIARY TO REPORT THE AMOUNT RECEIVED TO HIS EMPLOYER WHO THEN, AT YEAR-END, MAKES APPROPRIATE DEDUCTIONS FROM THE WORKER'S PAY FOR REMISSION TO THE TAX AUTHORITIES. WORKERS RECEIVING ANY OF THESE BENEFITS ARE NOT OBLIGED TO MAKE CONTRIBUTIONS TO THE VARIOUS SOCIAL INSURANCE FUNDS. IT IS THIS CONCESSION WHICH RESULTS IN THE FACT THAT, FOR EXAMPLE, WHILE A WORKER RECEIVING PAYMENTS FROM THE WAGE SUPPLEMENT FUND RECEIVES 80 PERCENT OF HIS ORDINARY WAGES, THE EFFECTIVE RATE IS CLOSER TO 92 PERCENT. SIMILARLY, THE EFFECTIVE RATE OF THOSE RECEIVING TWO-THIRDS THEIR ORDINARY WAGES UNDER THE EARNINGS-RELATED UNEMPLOYMENT COMPENSATION SYSTEM IS PROBABLY CLOSER TO 80 PERCENT.

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6. WORKERS RECEIVING UNEMPLOYMENT BENEFITS ARE COVERED FOR HEALTH CARE. NO PREMIUMS NEED TO BE PAID BY THE WORKER DURING THE PERIOD OF UNEMPLOYMENT; THEY ARE PAID BY THE GOVERNMENT.

7. SEVERANCE PAY IS TOTALLY UNRELATED TO UNEMPLOYMENT BENEFITS, I.E., THEY IN NO WAY AFFECT THE AMOUNT OF UNEMPLOYMENT BENEFITS TO WHICH A WORKER IS ENTITLED. BEAUDRY

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